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STATEMENT BEFORE THE HOUSE DEMOCRATIC STEERING AND POLICY COMMITTEE
REGARDING JOBS CREATION AND ECONOMIC RECOVERY

January 7, 2009

Chairman Miller and Chairwoman DeLauro, thank you for the opportunity to participate in today's hearing on the state of the economy and the need for a comprehensive job creation and economic recovery package.

The state of the economy is grim and requires our immediate action. More than 1.2 million construction workers are on the bench; the construction industry is suffering the highest unemployment rate (12.7 percent) of any industrial sector; and construction firms are operating on the margin or worse. ***Three stark, compelling reasons for decisive action: to invest in America, rebuild our economy, and put Americans back to work.***

From the Works Progress Administration of the Great Depression, to the Accelerated Public Works Act of 1962 and the Local Public Works Capital Development and Investment Act of 1976, investment in public infrastructure has created and sustained jobs in difficult economic times, and it can do so again today.

In September, the House of Representatives overwhelmingly passed H.R. 7110, the "Job Creation and Unemployment Relief Act of 2008". The bill provided \$61 billion to help restore the economy, including \$30 billion for highway, bridge, public transit, Amtrak, airport, wastewater, and Corps of Engineers infrastructure investment within the jurisdiction of the Committee on Transportation and Infrastructure. These funds were to be distributed by existing statutory formulas or administrative competitive selection processes; the bill included no earmarks. Regrettably, the White House threatened to veto the bill and Senate Republicans killed it prior to the September adjournment. Had the White House not opposed that bill, construction workers would already be starting new jobs today.

The need for real jobs has since grown more acute. This calls for an expanded economic recovery and jobs creation initiative, to be enacted as soon as possible.

Last month, I proposed to House Leadership that this expanded initiative include at least \$85 billion for infrastructure investment, including \$30 billion for highways and bridges; \$12 billion for transit; \$5 billion for rail; \$5 billion for aviation; \$14 billion for environmental infrastructure; \$7 billion for the U.S. Army Corps of Engineers; and \$10 billion for Federal buildings.

While these are the main elements of my proposal, I would be happy to submit the entire proposal to the Committee.

In general, the proposal adheres to the following six principles:

1. It requires funds to be invested in ready-to-go projects. I propose an aggressive timetable for the use of funds, including a 90-day, use-it-or-lose-it requirement for a percentage of

the funds, which would produce a "quick hit" that will jump-start our economy and create a substantial number of new construction jobs by June.

2. It creates **green collar jobs** and invests in projects that decrease our dependence on foreign oil and address global climate change.
3. It requires the steel, iron, and manufactured goods for these projects to be **manufactured in the United States**.
4. Wherever possible, it **distributes the funds by existing statutory formulas, with no earmarks**, to expedite the distribution and expenditure of funds.
5. It ensures **transparency and accountability** by requiring formula grant recipients to publicly disclose a program of projects detailing how they intend to use the funds. In addition, the proposal requires States to report on their specific use of the funds, State investments, and the estimated number of jobs created or sustained.
6. It requires States and other recipients of formula funds to certify they will **maintain their effort** in terms of current State and local investment levels, and **distribute funds equitably** throughout the State.

This approach puts the right incentives in place to ensure the outcomes we want without slowing the process down with a lot of red tape. The 90-day, use-it-or-lose-it requirement will incentivize grant recipients to award contracts quickly, producing the jobs we need by June. The requirement to submit programs of projects that will be made publicly available, and certify both maintenance of effort and equitable distribution, will increase transparency and accountability without delaying the use of funds.

Infrastructure investment creates family-wage construction jobs, and spin-off benefits that ripple throughout the economy. These construction jobs will not be outsourced to another country; the work will be done in the United States because roads, bridges, transit and rail systems, airports, waterways, and wastewater treatment facilities are here, in our towns and cities. In addition to the on-site construction jobs, other construction and manufacturing jobs will be created at home producing the steel, aggregates, asphalt, cement, and construction equipment used in these projects.

To illustrate the ripple effect, take, as one example, the purchase of rolling stock by transit agencies and Amtrak. Virginia Railway Express (VRE) says that if more funding were available, it could immediately exercise options under a contract with MotivePower, Inc. to buy 15 commuter rail locomotives, which will help VRE meet its crushing ridership demand by running longer trains (eight- and ten-car trains). This scenario doesn't just help Northern Virginia; it also helps the economy of Boise, Idaho, where MotivePower manufactures these locomotives. Similarly, the Muncie, Indiana Transit System reports that, if additional funding were available, it could exercise options under a contract with Gillig Corporation to buy four replacement hybrid electric buses, which are manufactured in Hayward, California.

Infrastructure investments will put construction workers back on the job, and yield lasting benefits by improving our deteriorating infrastructure. At current levels of investment, this country

is falling further and further behind on our physical infrastructure needs, and that has devastating impacts on our economic growth, our quality of life, and our safety.

The economic news just keeps getting more dismal each week, growing worse each day. We must act now. It is time to invest in America, rebuild our economy, and put America back to work.